

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: July 13, 2011
POSITION: Oppose

BILL NUMBER: AB 145
AUTHOR: C. Galgiani

BILL SUMMARY: High-Speed Rail

This bill would move the High-Speed Rail Authority (HSRA) to the Business, Transportation, and Housing Agency (BTH) and would subject the Governor's five appointees to the HSRA Board to Senate confirmation. This bill would also change the powers of the HSRA, allow it to adopt resolutions of necessity in eminent domain proceedings, and would require it to prepare and adopt a six-year capital program by November 1 of every even-numbered year.

FISCAL SUMMARY

The fiscal impacts of this bill are unknown at this time. This bill could result in increased workload for staff at BTH and the HSRA to make the transition. The capital program required by this bill could be done during the budget process with existing resources. Furthermore, this bill removes the HSRA's ability to enter into design-build contracts which would significantly delay the project and could cost billions of dollars in federal funds. The HSRA plans to design and construct the Central Valley segment using design-build contracts and has scheduled the project accordingly.

BTH indicates it would be able to absorb the costs associated with this bill. Any proposal for additional resources would be considered and evaluated as part of the annual budget development processes.

COMMENTS

The Department of Finance is opposed to this bill because requiring Senate confirmation of the Administration's appointees to the HSRA would inappropriately infringe on the rights and powers of the Executive Branch and shift effective control of the HSRA to the Senate. This bill would enable the HSRA to adopt resolutions of necessity in eminent domain cases without exempting the HSRA from the Public Works Board process or from Department of General Services review. This creates confusion as to which entity has authority over acquisitions requiring the use of eminent domain. In addition, this bill would remove the HSRA's ability to enter into design-build contracts which could drastically alter the project schedule and projected costs as the HSRA is planning on issuing requests for design-build proposals for the Central Valley segment in January 2011. The six-year capital program required by this bill would unnecessarily subject the HSRA to additional reporting requirements. The HSRA's capital outlay plan will be vetted during the annual budget process.

While placing the HSRA under BTH may have some merit, it is unclear how that structure would operate and interface with the specific duties and responsibilities prescribed by the Proposition 1A and current law.

Other Legislation: SB 517 (Lowenthal) would also move the HSRA to BTH and would modify its powers and duties, as well as require the HSRA to prepare and adopt a capital expenditure program biennially. SB 517 is currently in the Assembly Appropriations Committee. Finance does not have an approved position on SB 517.

Analyst/Principal (0753) M. Robinson	Date	Program Budget Manager Mark Hill	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

BILL ANALYSIS	Form DF-43 (Rev 03/95 Buff)
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BILL NUMBER

AB 145

		SO	(Fiscal Impact by Fiscal Year)						
Code/Department	LA	(Dollars in Thousands)							
Agency or Revenue	CO	PROP							Fund
Type	RV	98	FC	2011-2012	FC	2012-2013	FC	2013-2014	Code
2665/High Speed	SO	No		-----	See Fiscal Analysis	-----			6043
<u>Fund Code</u>	<u>Title</u>								
6043	High - Speed Passenger Train Bond Fund								